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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

Outgoing  
C0150032  
#3722  
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January 27, 2011

Dave Shaver, Resident Agent  
Genwal Resources, Inc.  
P.O. Box 910  
East Carbon, Utah 84520-0910

Subject: Response to Midterm Review, Genwal Resources, Inc., Crandall Canyon Mine,  
C/015/0032, Task ID #3722

Dear Mr. Shaver:

The Division of Oil, Gas and Mining has completed its review of the Crandall Canyon midterm response received December 29<sup>th</sup>, 2011. A deficiency relative to the posted bond amount has been identified and must be addressed prior to completing the midterm review. (See Attached)

Please note that the bonding deficiency is associated only with cost estimates related to the reclamation of the disturbed areas located within the permit boundary. In no way does this bonding deficiency reflect or take into consideration the currently disputed provisions relative to the mine-water discharge bonding issue currently under review by the Utah Board of Oil, Gas.

Please respond to the attached deficiency by February 17, 2011. If you have any questions, please feel free to call me at (801) 538-5262 or Steve Christensen at (801) 538-5350.

Sincerely,

James D. Smith  
Permit Supervisor

JDS/SKC/sqs  
cc: Price Field Office  
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**Crandall Canyon  
Mid-term Response  
Task ID #3722**

**R645-301-830.140** The Division has determined that the operator is required to post a bond in the amount of \$2,278,000.00. The Permittee currently has two separate bonds posted totaling an amount of \$2,062,000.00 (-9.48%). The Permittee must post additional bond in the amount of the balance as well as submit all bonding spreadsheets to update Appendix 5-20 of the MRP. (James Owen)